

Women in Business: A Demographic Review of Women's Business Ownership

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Executive Summary

Recently released statistics provide new information on women in the work force and women-owned businesses, including women's population statistics, their labor force participation, age, education, occupation, work schedules, average personal and household income, business ownership, and business dynamics. Data sources here include, but are not limited to the Current Population Survey, the American Community Survey, the Economic Census, and the Survey of Business Owners. This report presents information about the special characteristics of women-owned businesses and women's economic well-being.

Demographics

- Women constitute more than 51 percent of the American population, and nearly 47 percent of the labor force.
- Of women in the United States, 14.5 percent were in poverty in 2004. The poverty rate among unemployed women was more than double that, at 31.8 percent.
- Nearly one in four families, or more than 8.3 million, was headed by a single mother caring for her own children younger than 18. Families headed by single fathers totaled 2.3 million.
- Of the total labor force, more than 3.9 million people (less than 3 percent of total wage-and-salary earners and more than 32 percent of total self-employed workers) were "moonlighters" involved in both self-employment and wage-and-salary work.
- Three groups were categorized to compare the gender differences in their demographic profiles: the civilian labor force, professional workers, and moonlighters.
- More than 36.8 percent of the female labor force and 30.6 percent of the male labor force were in professional occupations as defined in the Standard Occupational Classification (SOC) system (management, business, and financial occupations; professional and related occupations).
- Moonlighters were more likely than the civilian labor force overall and less likely than those in professional occupations to be married, with higher levels of education, in better paying occupations, and with higher personal and household income.
- Professional women were more likely than professional men, moonlighters, and the overall civilian work force to work full time. More than a quarter of professional women worked in government.

Women-owned Businesses

- In 2002, women owned 6.5 million or 28.2 percent of nonfarm U.S. firms. More than 14 percent of these women-owned firms were employers, with 7.1 million workers and \$173.7 billion in annual payroll.
- Women-owned firms accounted for 6.5 percent of total employment in U.S. firms in 2002 and 4.2 percent of total receipts.
- Compared with non-Hispanic White business owners, of whom 28 percent were women, minority groups in the United States had larger shares of women business owners, ranging from 31 percent of Asian American to 46 percent of African American business owners.

- Of all women business owners, 8.33 percent claimed Hispanic heritage, 85.95 White, 8.43 percent African American, 1.23 percent American Indian and Alaska Native, 5.25 percent Asian, and 0.18 percent Native Hawaiian and Other Pacific Islander.
- Almost 80 percent of women-owned firms had receipts totaling less than \$50,000 in both 1997 and 2002. Total receipts for firms in this under-\$50,000 group constituted about 6 percent of total women-owned business receipts in both years.
- More than 84 percent of all women-owned employer firms had fewer than 10 employees in 2002. As a share of all women-owned firms with employees, these very small firms accounted for 29 percent of total business receipts, employed nearly 27 percent of the workers, and paid more than 26 percent of the total payroll.
- The 7,240 women-owned firms with 100 employees or more accounted for \$275.0 billion in gross receipts or 34.2 percent of the total receipts of women-owned employer firms in 2002.
- The largest shares of women-owned business receipts were in wholesale and retail trade and manufacturing in both 1997 and 2002.
- According to 2002 data, significant proportions of women-owned businesses were in professional, scientific, and technical services, and in health care and social assistance, but the share of receipts in these businesses was smaller than in the trades and manufacturing.

Women-owned Business Dynamics

- Between 1997 and 2002, the numbers of women-owned firms overall increased by 19.8 percent and of women-owned employer firms, by 8.3 percent.
- Firms owned by women increased employment by 70,000; those owned by men lost 1 million employees; those owned jointly by men and women lost 2.6 million; and publicly held and other firms not identified by gender of ownership increased employment by 10.9 million between 1997 and 2002.
- Overall, neither women nor men saw the receipts and payroll of their firms increase as fast as those of large publicly held firms and other firms not classifiable by gender.
- A special Census tabulation allows a comparison of survival rates, as well as expansion and contraction rates, for employer businesses owned by women of various ethnic groups over three time spans—1997-1998, 1997-1999, and 1997-2000.
- Over the 1997-2000 period, the firms owned by Asian American women had the highest survival rate of 77 percent, compared with the other ethnic groups.
- There were significant expansions in women-owned establishments between 1997 and 2000. At the same time, more than 20 percent of each ethnic group of women-owned businesses lost employment because of contractions each year of the period studied.
- Of the ethnic groups examined, only American Indian and Alaska Native women-owned businesses registered a net gain in employment at the end of the three-year period after the combined effects of business expansions, contractions, and deaths or closings. (Not included in this calculation is the effect of business births or openings.)